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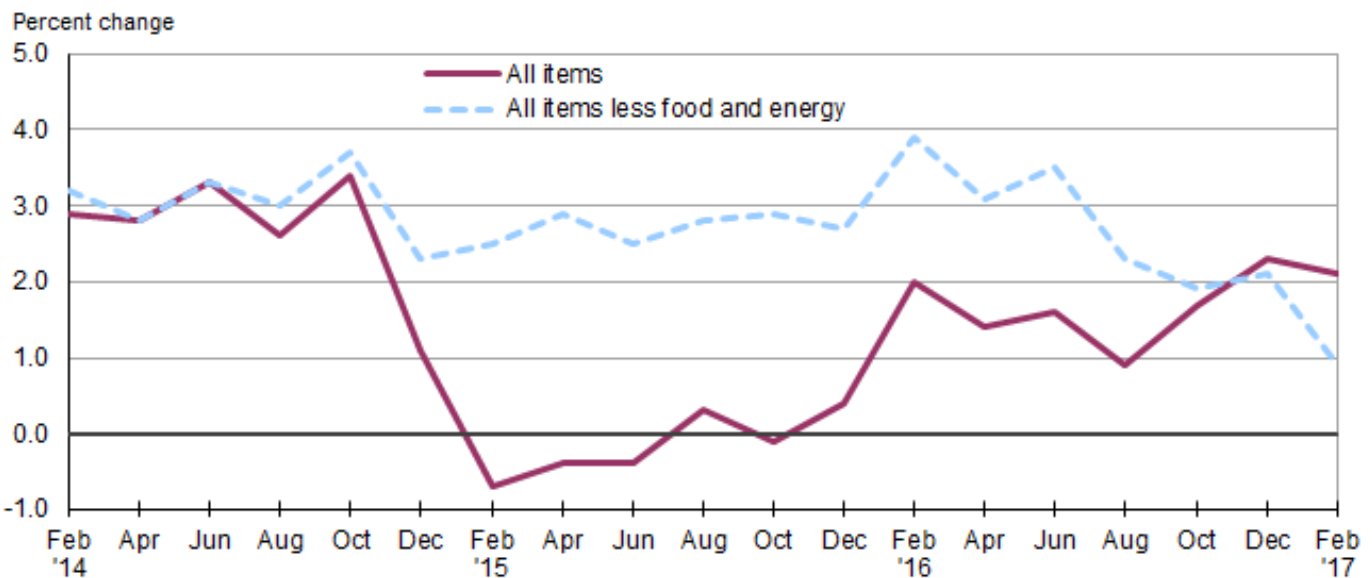
Consumer Price Index, Houston-Galveston-Brazoria – February 2017

Area prices rise 0.6 percent in January and February; up 2.1 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area rose 0.6 percent in January and February, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Stanley W. Suchman noted that all three of the major sub-components contributed to the rise, after the index registered a year-end decline in November and December. Increases in the indexes for all items less food and energy (0.4 percent) and energy (3.1 percent) led the current advance, though higher prices for food (0.5 percent) also contributed. (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the year ended in February 2017, the all items CPI-U advanced 2.1 percent, slipping from the December 2016 annual rate of 2.3 percent. The index for all items less food and energy increased 0.9 percent during the year ended in February 2017; this was the slowest rate of increase for this index since December 2006. (See [chart 1](#) and [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston-Galveston-Brazoria, February 2014–February 2017



Source: U.S. Bureau of Labor Statistics.

Food

Food prices rose 0.5 percent in January and February after registering little change in the last two months of the year (0.1 percent). Among the two components of the index, prices for food at home (grocery stores) increased 0.5 percent and prices for food away from home were up 0.4 percent.

From February 2016 to February 2017, the food index rose 0.4 percent, its first over-the-year increase since June 2016. Still, on an annual basis, changes in food prices have stayed within the narrow range of -0.6 to +0.7 percent since February 2016. The 12-month change in February 2017 reflected the combined effects of a 1.7-percent rise in prices for food away from home and a 0.8-percent decrease in grocery store prices.

Energy

The energy index rose 3.1 percent in January and February, its sixth consecutive bimonthly increase, following four consecutive declines. The largest contributor to the current increase was a 3.7-percent advance in motor fuel prices, but higher prices were also registered for electricity (2.1 percent) and natural gas (4.7 percent).

During the year ended in February 2017, the energy index climbed 23.2 percent, the fastest annual rate of increase since August 2008 (24.7 percent). All three energy sub-components contributed to the annual price increase: motor fuel (34.1 percent), electricity (14.2 percent), and natural gas (16.0 percent). The 34.1-percent increase in motor fuel costs was the fastest 12-month rate of gain since September 2011 (36.8 percent).

All items less food and energy

The index for all items less food and energy rose 0.4 percent in January and February, after falling 0.3 percent in the final two months of 2016. Apparel prices, which fell 4.6 percent in November and December, rebounded in January and February, up 10.3 percent, and had the greatest impact on the increase for all items less food and energy. Higher prices for non-energy transportation items, medical care (including drugs, professional services, and hospital services), as well as recreation, were also major contributors. In contrast, shelter costs slipped 0.2 percent, led by a 0.4-percent price decline for owners' equivalent rent of residences. Also helping to offset some of the increase in all items less food and energy, the index for education and communication fell 1.5 percent in the bimonthly period; lower costs for wireless telephone services were a large factor in the decline.

From February 2016 to February 2017, the index for all items less food and energy advanced 0.9 percent. A 1.7-percent annual increase in shelter costs was the biggest factor in the rise, as prices were up for both renters' costs (4.0 percent) and owners' equivalent rent (1.1 percent). Still, the annual rate of increase in shelter costs has been on a near continual decline since its most recent peak of 6.3 percent in November 2015. Another large contributor to the 12-month increase was medical care prices which rose 3.7 percent during the period. In contrast, prices fell over the year for education and communication (-2.9 percent).

The April 2017 Consumer Price Index for All Items for Houston-Galveston-Brazoria is scheduled to be released Friday, May 12, 2017.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 89 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 28 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 6,000 housing units and approximately 24,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details, see the CPI home page on the Internet at www.bls.gov/cpi and the BLS Handbook of Methods, Chapter 17, *The Consumer Price Index*, available on the Internet at www.bls.gov/opub/hom/pdf/homch17.pdf.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. NOTE: **Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-Galveston-Brazoria, Texas, Consolidated Metropolitan Statistical Area (CMSA)** includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

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Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-Galveston-Brazoria, TX (1982-84=100 unless otherwise noted)

Item and Group	Indexes			Percent change from -		
	Dec. 2016	Jan. 2017	Feb. 2017	Feb. 2016	Dec. 2016	Jan. 2017
All items	217.758	-	219.061	2.1	0.6	-
All items (1967 = 100)	698.428	-	702.608			
Food and beverages	224.455	-	225.215	0.3	0.3	-
Food	224.049	-	225.139	0.4	0.5	-
Food at home	220.735	222.117	221.947	-0.8	0.5	-0.1
Food away from home.....	223.653	-	224.575	1.7	0.4	-
Alcoholic beverages	220.261	-	216.085	-1.4	-1.9	-
Housing	213.166	-	212.585	1.9	-0.3	-
Shelter	253.506	254.295	252.877	1.7	-0.2	-0.6
Rent of primary residence(1).....	251.085	252.228	251.077	4.0	0.0	-0.5
Owners' equivalent rent of residences(1)(2).....	234.288	234.827	233.242	1.1	-0.4	-0.7
Owners' equivalent rent of primary residence(1)(2).....	234.288	234.827	233.242	1.1	-0.4	-0.7
Fuels and utilities.....	164.519	-	167.666	11.4	1.9	-
Household energy	145.109	155.736	148.800	14.4	2.5	-4.5
Energy services(1)(3).....	142.759	153.309	146.358	14.5	2.5	-4.5
Electricity(1).....	142.824	155.245	145.861	14.2	2.1	-6.0
Utility (piped) gas service(1).....	129.995	130.015	136.163	16.0	4.7	4.7
Household furnishings and operations	133.941	-	130.646	-4.3	-2.5	-
Apparel	171.886	-	189.590	4.2	10.3	-
Transportation	174.048	-	177.043	6.0	1.7	-
Private transportation	172.403	-	175.287	7.1	1.7	-
Motor fuel	180.318	192.663	186.971	34.1	3.7	-3.0
Gasoline (all types).....	180.433	192.899	187.068	34.4	3.7	-3.0
Gasoline, unleaded regular(4).....	182.381	195.695	189.221	35.6	3.8	-3.3
Gasoline, unleaded midgrade(4)(5).....	196.099	206.791	202.293	31.8	3.2	-2.2
Gasoline, unleaded premium(4)....	197.875	207.826	204.806	27.8	3.5	-1.5
Medical care	465.504	-	471.943	3.7	1.4	-
Recreation(6).....	102.140	-	103.579	0.7	1.4	-
Education and communication(6).....	123.370	-	121.556	-2.9	-1.5	-
Other goods and services	400.124	-	402.466	3.1	0.6	-
Commodity and service group						
Commodities	169.850	-	172.685	2.2	1.7	-
Commodities less food and beverages	143.327	-	146.963	3.4	2.5	-
Nondurables less food and beverages.....	187.664	-	194.931	9.5	3.9	-
Durables	101.379	-	102.323	-3.3	0.9	-
Services.....	266.931	-	266.940	2.1	0.0	-
Special aggregate indexes						
All items less shelter.....	204.310	-	206.392	2.4	1.0	-
All items less medical care	205.678	-	206.780	2.0	0.5	-
Commodities less food	145.919	-	149.369	3.2	2.4	-
Nondurables	206.250	-	210.269	4.4	1.9	-
Nondurables less food.....	189.353	-	195.932	8.7	3.5	-
Services less rent of shelter(2).....	280.041	-	280.794	2.5	0.3	-
Services less medical care services.....	247.003	-	246.762	2.0	-0.1	-
Energy	160.898	172.310	165.884	23.2	3.1	-3.7
All items less energy	226.352	-	227.303	0.9	0.4	-
All items less food and energy	226.562	-	227.488	0.9	0.4	-

Note: See footnotes at end of table.

(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

(2) Indexes on a December 1982=100 base.

(3) Prior to January 2011 this series was titled Gas (piped) and electricity.

(4) Special index based on a substantially smaller sample.

(5) Indexes on a December 1993=100 base.

(6) Indexes on a December 1997=100 base.

Note: Index applies to a month as a whole, not to any specific date.